

The **NATIONAL UNDERWRITER**

EMPLOYERS REINSURANCE CORPORATION

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REINSURANCE OF ACCIDENT & HEALTH
TREATIES — ANALYSIS — CONSULTATION

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HEALTH & ACCIDENT CONFERENCE NUMBER

FRIDAY, JUNE 4, 1943

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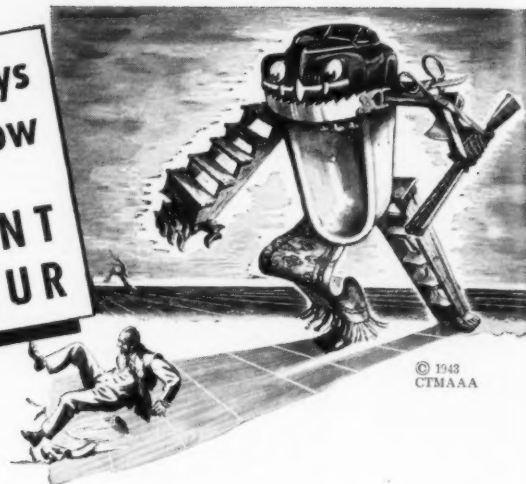
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War Problems Stimulate Interest

New President in Accident-Health Field Since 1921

**O. F. Davis Elected to
Helm and H. P. Skoglund
Executive Chairman**

NEW OFFICERS ELECTED

President—O. F. Davis, Illinois Bankers Life.

Chairman of executive committee—H. P. Skoglund, North American Life & Casualty.

First Vice-president—George W. Kemper, Fireman's Fund Indemnity.
Second Vice-president—Frank V. Cliff, Federal Life & Casualty.

Secretary—R. L. Spangler, Woodmen Accident.

New members of executive committee—W. G. Alpaugh, Inter-Ocean Casualty; R. J. Wetterlund, Washington National; Jarvis Farley, Massachusetts Indemnity.

O. F. Davis, who was elected president of the Health & Accident Underwriters Conference at the annual meeting in Chicago this week, began his career in accident and health insurance in 1921. Since September, 1925, he has managed the accident and health department of his company. Originally it was Commercial Health & Accident of Springfield, Ill., then Mutual Life of Illinois, which changed its name in 1926 to Abraham Lincoln Life. He was at one time agency director in charge of both the life and accident and health departments of Abraham Lincoln, at the same time serving on the board.

With the merger of Abraham Lincoln and Illinois Bankers Life in 1935, Mr. Davis continued in charge of the accident and health department and as assistant agency director of Illinois Bankers. He was elected secretary

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Is Writing of Permanent Disability Form Feasible?

The question of whether it would be feasible for accident and health companies to issue a contract covering total and permanent disability brought out probably the most lively and interesting discussion of the conference. It was brought up in the round table session which was scheduled to consider "Present and Post-war Planning in the Accident and Health Field," but



C. O. Pauley

C. O. Pauley, Great Northern Life, who presided, announced that the discussion would be restricted to this one phase. There was considerable division of opinion as to whether the idea is desirable at all, and if it should be considered, the stumbling blocks that would have to be overcome were pointed out.

Seeks Cross-Section of Opinion

Mr. Pauley said that in his capacity as president of the Insurance Economics Society he had been authorized to name a committee to consider this question but that he had delayed naming the committee until he could get a cross section of opinion on this subject. He mentioned the fact that in a conference with the Social Security Board it seemed to be taken for granted that the insurance interests would be entirely willing to have total and permanent disability included in a government program, and many life companies executives seem to accept that view. Mr. Pauley said it is a mistake to say that such coverage is now entirely unobtainable and that a number of companies are now writing a considerable volume of it.

In referring to the experience of the life companies with total and permanent disability, he said he always had felt that it was not a life insurance function. One great trouble was with the way it was written. They let pur-

chasers buy as much of it as they could carry in life insurance, and as a result really were writing retirement annuities.

If such a program should be adopted, it should provide a minimum indemnity merely to replace what an employed worker might get under social security. One unanswered question is: How many people are permanently disabled? One government official says 2,000,000, another 2,500,000, but it is not clear whether they include the insane and tuberculous, now receiving institutional care, the feeble minded and others congenitally unemployable. The question from the insurance standpoint is: How many are there who have been working? Is there a field for it?

How Should It Be Handled?

If such a policy is written, how should it be handled? There have been some suggestions of a pool plan, but Mr. Pauley doubts whether that would be practical, inasmuch as some of the policies might be in force for 40 or 50 years. He suggested that it might be put on the same basis as the new Farm Volunteer policy, with all companies issuing the same policy at the same price, allowing any additional carriers to come in at any time.

The next question is what kind of coverage should be granted. He said that would necessarily be a matter for a committee to work out, but that it probably should be restricted to about \$15 a week, putting it on a subsistence level, but somewhat higher than under the social security proposals. It should not begin until disability has continued for six months and should end at age 65. Social security or old age pensions should step in at that point. It probably should be non-cancellable.

The question of rates would have to be put up to the actuaries. Those consulted so far have for the most part been unwilling even to make any estimates. It would be necessary to work out rates for both active and disabled lives. Mr. Pauley would exclude payment for any period when the policy-

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H. & A. Conference Sets Attendance, Membership Records

To Seek Standard Procedure for State Approval of Policies

By FRANK A. POST

A program devoted entirely to consideration of wartime problems brought out the largest attendance ever recorded for the annual meeting of the Health & Accident Underwriters Conference at the Edgewater Beach Hotel in Chicago this week, with a total registration of 217, topping the record set last year in Kansas City, also a wartime meeting.

The intense heat and humidity encountered in Chicago the first day failed to dampen the enthusiasm even though it did wilt collars and make all those in attendance generally uncomfortable. Interest was maintained at a high point throughout the sessions. The addresses at the opening session were notable for both their inspirational and informative value. Major issues confronting the business in general were reviewed in round table discussions that afternoon, while specific problems in agency management and home office management were taken up Friday morning. The program as a whole was unquestionably one of the most constructive and valuable in recent years.

To Confer on Policy Submission

An important action taken by the executive committee and confirmed by the conference was to authorize the naming of a committee of three to work with a committee from the Bureau of Personal Accident & Health Underwriters in presenting to the insurance commissioners at their meeting in Boston the desirability of a standard procedure for submission of policies in the various states. Im-

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O. F. DAVIS
New Conference President



W. G. ALPAUGH
Retiring President



H. P. SKOGLUND
Chairman of Executive Committee



HAROLD R. GORDON
Executive Secretary

Accident and Health Meeting Wartime Responsibilities

**"Fly-by-Night" Carriers
Bad Public Relations Fac-
tor, Clyde W. Young Says**

With wartime problems making relations with policyholders more important than ever before, accident and health insurance has acquitted itself well in meeting its responsibilities the past year, Clyde W. Young, president of Monarch Life, declared in presenting



CLYDE W. YOUNG

his report as chairman of the public relations committee of the Health & Accident Underwriters Conference.

He stressed especially the work done in combating inflation. That fight has been two-fold in its aspects but single in its purpose: To divert excess purchasing power from the hands of those holding it into aid for the disabled and medical care for the sick while purchasing government bonds with funds available for investment. The effect can be extended so by increasing bond purchases and by enlarging materially upon the coverage of policies and the number of persons insured. Each of these steps helps keep the war industries operating at full peak by maintaining the efficiency and morale of the home unit.

New Aids to Men in Service

New and special aids to policyholders in service have been instituted which from a public relations standpoint have been of considerable value. They have resulted in liberalization of coverage by expanding the scope of the policies or by interpreting the language of the policies most liberally in favor of the men in service. Companies issuing non-cancellable policies also have given policyholders in service the special privilege of suspension for the duration and reinstatement without penalty upon return to civilian life.

"Thoughtful consideration of the needs and rights of the service man should be one of our most valuable assets," Mr. Young said, "not only upon the return of peace but also during the continuation of the war. Your committee, from personal experience, realizes that no one is more appreciative than the man in uniform of aid in maintaining his possessions at home

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J. W. Scherr, Jr., Inter-Ocean Casualty, and A. W. Crowell, Monarch Life.

War Injury Policy Worth While, Committee Believes

The committee in charge of the issuance of the civilian war injury policy, headed by C. O. Pauley, Great Northern Life, reported that the project has demonstrated its value in a number of ways entirely aside from the protection afforded the public against civilian war hazards. "First, it has been demonstrated that it is possible for a group of 54 companies to unite in issuing a single policy, and to cooperate in furnishing a type of insurance which could not be safely furnished by a single company. Second, it has demonstrated that it is possible to secure the cooperation of insurance departments of 48 states and the District of Columbia and to have them approve one policy form, with only minor local modifications. Third, it has demonstrated that private enterprise can provide protection in an emergency without calling upon the federal government, and to the present time Congress has not found it necessary to pass any legislation for the protection of civilians against the war hazard. Fourth, it has produced, by mutual reinsurance, a workable method of spreading over a group of companies the risk of hazards which are too great for one company to assume without the necessity of forming a reinsurance corporation or an organized pool.

Added to Prestige

"Your committee believes that this project has been a worthwhile one for the conference, that it has added to the usefulness and the prestige of the conference, and that it is an experience that furnishes the background for similar projects as occasion may arise."

Premiums collected to May 1, 1943, totaled \$94,974 and there is now on deposit in the Harris Trust & Savings Bank of Chicago a fund of \$56,984 for payment of claims.

The committee held a meeting Wednesday afternoon and decided to go ahead with the renewal of war injury policies on the same basis as that on which they were originally issued.

Memorial Resolution Adopted

A memorial resolution was adopted for these officials of conference companies who have died since the last meeting: Charles B. Crawford, senior vice-president, and W. A. Granville, vice-president and director of publications of Washington National; Arthur F. Hall, chairman of Lincoln National Life; Arthur James, vice-president and agency director Wisconsin National Life; Lindsey S. Jones, director and former president of Boston Casualty; David B. Morgan, president Northern Life; Arthur T. Sawyer, secretary, Illinois Bankers Life; Robert B. Sturtevant, vice-president Ohio National Life, and John F. Williams, vice-president Federal Life.

Study of Standardization of Hospital Cover Urged

Time and study could well be devoted to hospitalization business, in the hope of attaining standardization in coverage, rates and practices, E. Hauschild, Security Mutual Life, suggested in his report as chairman of the conference underwriting committee. He presented that problem as worthy of first consideration by the new underwriting committee.

Reviews War Worker Studies

Mr. Hauschild reviewed briefly the studies made by the committee the past year on "Underwriting Defense and War Workers" and "Women in War Work," as a result of suggestions received from conference members.

E. A. McCord, Illinois Mutual Casualty, chairman education committee, reported that on account of the manpower situation many companies have been unable to carry on the H. & A. Conference Institute courses for home office employees. However, several companies have held such courses and as soon as examinations have been held the usual certificates will be awarded.

Public Relations Results Viewed

J. W. Scherr, Inter-Ocean Casualty, chairman of the newly formed publicity committee, reported that while its work has not been as extensive as had been hoped, the results obtained have been very satisfactory and that the work should be continued and expanded.

Conducts Session on Agency Management



CLIFTON W. McNEILL
Union Mutual Life

Paul Jones Raps Extremely Limited Policies

**"Dishonest Sale" Must
Be Stopped, He Declares
in Conference Address**

"Dishonest sale of sharply limited policies" must be stopped, Insurance Director Paul F. Jones of Illinois declared in his address at the opening session of the conference. "Edgar Allen Poe, with all his lurid imagination for horrible and impossible situation, was a



PAUL F. JONES

panty-waist piker compared to the actuaries who conceived the modern gyp policy," he asserted.

Director Jones declared that certain national leaders, planning for the future, question the integrity and accomplishments of private institutions and plan for an era of national socialism. "It is proper, therefore," he said, "that we should discuss candidly our shortcomings and join hands in a determined effort to correct the known evils and to enforce a standard of ethics that will inspire a universal confidence.

Facing Destructive Competition

"The health and accident branch of the industry has an honorable record. Payment of over \$180,000,000 the past year to hundreds of thousands of policyholders, in times of sickness and distress, is striking evidence of its power for good. Such a record, however, should not serve to lull us into a sense of security. As the public has become more and more aware of the need for health and accident protection, the competition between companies has become more spirited.

"We are now facing the threat of destructive competition—a competition which resorts to trickery, deception and borderline fraud. If such competition is permitted to continue, it will destroy the character and reputation of the entire industry and give credit to the charge that private business cannot be trusted with the task of providing security for the American citizen.

Calls for Complete Cooperation

"The problem cannot be solved merely by condemning the advertising media employed, nor the agency system. Newspaper and magazine advertising, radio broadcasts and individual sales-

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Post-War Planning, Public Relations Program Urged

Must Improve Public's Idea of Service Rendered, President Alpaugh Says

The need for post-war planning and especially for the formulation of a practical public relations program was stressed by W. G. Alpaugh, Inter-Ocean Casualty, in his presidential address. He recommended that the conference adopt a public relations program which will be followed through in the same aggressive manner that prompted it to conceive and market the civilian war injury policy; which inspired it to take a leading part in the rejuvenation of the Insurance Economics Society and which brought about quick action on the Victory Farm Volunteer accident policy.

"At each annual meeting we receive and accept a report from the public relations committee," Mr. Alpaugh said. "The report is approved and filed and except for a little constructive thinking by certain members, little or nothing has been gained."

Not for Expensive Setup

"I am not necessarily advocating an elaborate scheme of consumer advertising, nor do I feel that we should, as a conference, obligate ourselves to a program of publicity which will entail the expenditure of a great deal of money. I do feel, however, that conference companies, and many non-conference organizations, are at that turning point in the road where it must be decided by what general method all companies are going to work together to achieve a better public understanding of the principles and ideals of our business. We have reached that point in our growth where we must commit ourselves to the precept that it must be a matter of weeks or months, not years, when the great mass of our people begin to manifest faith in the institution of disability insurance."

Important Job to Be Done

While the nature of the business does not lend itself to the same kind of post-war planning as in government and industry, it must be done with precision and mathematical accuracy. There is an important job to be done in so far as secure and happy post-war living is concerned. "Possibly the advocates of compulsory social programs have done us a favor," Mr. Alpaugh said. "Possibly they have forced us to begin thinking now, today, about certain things which we have been procrastinating about for years."

"I am not going to attempt to make definite recommendations with respect to the improvement of our product, but it must be apparent to all of you that the commodity we have to offer is measured in terms of service and that unless our service improves in the public mind, there is grave danger our identity will become obscure and eventually lost in the confusion of bureaucratic meddling."

Increases Generally Shown

While the past year has brought problems that at times have appeared insurmountable, Mr. Alpaugh said the accident and health business has been more fortunate than many other lines of endeavor and that practically without exception member companies have

Triple Threat



R. J. WETTERLUND

R. J. Wetterlund, general counsel of Washington National, received many words of praise for his work as chairman of the convention committee in preparing the program for this meeting, which was regarded as particularly valuable and constructive.

In addition to that post, which he took over when C. Norman Green, Hoosier Casualty, went into the army, Mr. Wetterlund also is chairman of the legislative committee of the conference and served as its first vice-president the past year.

Alpaugh Gives Cocktail Party

W. G. Alpaugh, retiring president, was host at a cocktail party Thursday evening. There was no banquet, but many groups reserved tables and ate together in the Marine dining room of the Edgewater Beach.

The nominating committee was composed of John M. Powell, Loyal Protective Life; Clyde W. Young, Monarch Life; George Manzelmann, North American Accident; W. T. Grant, Business Men's Assurance; and Paul Stadel, Lumbermen's Mutual Casualty.

W. Franklyn White, now with Mutual Benefit Life, former chairman of the Bureau of Personal Accident & Health Underwriters, was mingling with his old friends in the accident and health field.

Sgt. Harold Swanson, formerly assistant to Sam C. Carroll, vice-president of Mutual Benefit Health & Accident, who has been in training at Fort Knox, Ky., and is just leaving to become an officer in the army chemical corps, took advantage of a furlough to attend the conference meeting.



J. M. Penrith, United of Chicago; Kenneth O'Connor, Maccabees; T. T. McClintock, Ohio State Life; A. D. Johnson, United.

Underwriting Problems Are Intensified by War

Four major problems encountered at the present time and their relation to wartime underwriting were considered in the round table discussion Thursday afternoon conducted by E. A. Hauschild, Security Mutual Life, chairman of the conference underwriting committee. They were: Extension of underwriting limits, moral and physical hazard and writing women.

In opening the discussion, Mr. Hauschild said they were the same old problems, but rendered more acute by wartime conditions. The companies are being asked to raise their limits because of high war income. War always brings a loosening of moral restraints, so there is more of a problem there. On the physical side, the cream of the nation's manhood has gone to war, leaving the less desirable material. Aside from those who are definitely impaired and uninsurable, the war has called many into industry who are not fit to "take it" and existing conditions have been aggravated. Women are working in many places and under many circumstances heretofore reserved for men. The question is whether they should be put on the same basis as men from an underwriting standpoint.

Warning on High Indemnities

Taking up the cry for greater indemnities, up to 80% of a man's present earnings, C. F. Lee, Columbian National Life, sounded a note of warning on suddenly-rich operators of war industries. He told of one case where a man had requested \$100 a week and \$15,000 principal sum. Investigation showed that he is now making \$15,000 a year but that he was formerly a liquor salesman and had had jobs with six different companies in recent years. "What will he be doing two years from now?" Mr. Lee asked.

He also spoke of the shipyards around Boston, which have attracted many workers of very low grade from a moral hazard standpoint and said his company will not issue more than \$25 a week on any of them, regardless of their earnings.

Mr. Hauschild commented that there is a definite need for maintaining sensible underwriting limits.

A. R. Schuster, Reserve Mutual Casualty, said the increase in earnings is not as great as it seems, when all the deductions are taken into consideration, including the 20% after July 1.

Moral and Physical Hazard

On the question of moral hazard, Mr. Hauschild asked whether the companies are requiring a personal recommendation from the agent, or wait for inspection reports.

George Manzelmann, North American

Accident, advocated looking back to the source of the business. He looks to the agent to give the company good risks. If he gets out of line, steps are taken to correct his moral hazard.

On the physical hazard side, Mr. Hauschild referred to the use of waivers, saying it often is hard to satisfy both the agent and the client. The question of preexisting conditions is often a difficult one, as the average man feels that his insurance is in force at once, without regard to that point. In order that the layman may understand this matter more clearly, he suggested placing a statement in the "not covered" provisions and also an additional question in the application, under which the applicant agrees that he is not covered as to any condition existing prior to the time of application.

Problems in Writing Women

In connection with writing women, he asked what forms and amounts of indemnity should be used, whether female disorders should be covered and whether women should be rated up. He mentioned the fact that the group premium is loaded for female participation.

G. A. L'Estrange, Wisconsin National Life, said that writing women is not a problem with his company. It has issued full cover to women for six years, covering female conditions fully. The loss ratio is less than 1% above that for men. Agents are instructed to suggest seven days elimination, but it is not required.

In regard to women in war work, he said he believed the companies are getting panicky over the question of absenteeism. He said the factor of patriotism can be counted on to hold that down. He regards writing women not only as good business but as a practical step forward in eliminating governmental competition.

Higher Premium Charged

Mr. Hauschild asked whether the premium is loaded for women and Mr. L'Estrange said it is 10% higher than for men. He expressed the belief that the time will come when women can be written at standard rates. On the matter of a claim cost, he said that with women there is not a controversy over a claim in one case out of 200.

E. C. Edmunds, Fidelity Health & Accident, asked about housewives who go into industry, whether there is any protection against the time when they leave that work and what would be done where a woman quits her job on account of illness. Mr. L'Estrange said the claim would be paid out the policy would be cancelled if she did not return to work. He added that his company would retire from any male risk where it is found that he is not employed.

Many Problems in Demobilization, Reemployment

The problems of demobilization and reemployment of men now in service were stressed by Harold J. Requarte, general counsel of Woodmen Accident, in opening the round table discussion of current legal topics, under the title, "When Johnny (and Tillie) Come Marching Home."

He reviewed the provisions of the selective service act of 1940 which requires that the employer shall restore his former employee to his position or to a position of like seniority, status and pay, unless the employer's circumstances have so changed as to make it impossible or unreasonable to do so.

"What circumstances will make it 'impossible or unreasonable' for an employer to restore the former employee to his position, or a like position?" he

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asked. "Certainly the whole purpose of the act would be defeated if the employer could say that the position and all like it were filled by competent persons hired after the former incumbent was inducted. That a girl was filling a job left by a man, and perhaps doing it better, would not be a reasonable excuse for denying reemployment."

"I know of a company having a military service plaque in the lobby of its building, on which are listed nearly half as many names as are on its normal payroll. Discharge of nearly half of its present staff would enable it to comply with the selective service act, but would not result in any net gain in employment. Perhaps those who stay at home must relinquish their positions to those returning, and it is not an unreasonable sacrifice that they should, but no economic gain will be achieved by such a process."

He noted that the act does not apply to those holding "a temporary position" and said that presumably it would not apply to a man hired to replace a man called to service if the replacement was told that his position was only temporary. Then if the replacement was called to service, he would have no right to ask for reemployment. This could result in large scale evasion of the reemployment provisions by removing from their benefits all men, who by their contract of hire, agree that their position is not permanent.

He said every business man must consider how he can help in the reemployment program.

Mr. Requarte said that so far as the insurance companies are concerned, they will have to take back people they do not need and find work for them to do, or help them enter new lines.

Extension of Income Tax Deduction for Premiums on Accident-Health Urged

The provision that amounts paid as premiums for accident or health insurance shall, under certain circumstances, be deductible from gross income in the computation of income tax was hailed as a forward step in the report of the committee on taxation, presented by V. J. Skutt, Mutual Benefit Health & Accident, but some important modifications and extensions of that provision are recommended by the committee.

Valuable though the provision is from a psychological point of view, it falls short of benefits to the taxpayer-policyholder, the committee holds, both in the scope of its application, as it does not apply until the expenditures for medical care, plus accident and health premiums, exceed 5% of net income, and in the degree of its application, since it is applied as a deduction from gross income and not as a credit against the tax.

The proposed recommendation is, therefore, that in the 1943 tax law either accident and health premiums be credited against the tax, as in the case of life premiums under the victory tax, or that the provision be changed so that the total amount of accident and health premiums paid may be deducted from taxable income.

Mr. Skutt points out that premiums paid for accident and health insurance make possible the payment of government taxes by the companies and prevent claims for public assistance by the sick and injured, which would constitute a further drain on the national resources, and that, like life insurance premiums, amounts paid for accident and health insurance are diverted from general circulation and thus help to curtail inflation.

The report also mentioned as a favorable trend the absence of new or increased taxation by states and municipalities.

HOODOO DAY is Friday, Aug. 13th. Write The Accident & Health Review, 75 W. Jackson Blvd., Chicago, for campaign samples.

Leads Round Table on Wartime Underwriting



E. HAUSCHILD
Security Mutual Life

Gordon Urges More Factual Surveys

Action by the conference looking toward the making of more factual surveys of the accident and health business was recommended by Harold R. Gordon, executive secretary, in his annual report.

In commenting on the survey made last year, analyzing claim complaints made to insurance departments, he said it was doubtful whether any survey or report made by the conference in recent years has caused so much favorable comment about the business or has been so useful to companies and agents alike. Although a year has passed since this survey was completed and the data published, requests for copies still are being received almost weekly. It provided a valuable factual illustration of the splendid job being done by the companies.

Survey of Business by Classes

The second survey was conducted by S. F. Conrod, actuary of Loyal Protective Life, and covered an analysis of the dollar volume of the business as well as policyholder volume, segregated into six classifications. Apparently this was the first time a thoroughly accurate and comprehensive study had been made in this field, where the data was broken down into general classifications of disability insurance written. The importance of this report is that it revealed there were over 30,000,000 accident and health policies in force at the end of 1941, emphasizing the tremendous scope of coverage afforded by private accident and health insurance.

Only by the proper presentation of factual studies can the public, the legislators and the insurance departments know of the splendid job being done by the accident and health industry, Mr. Gordon said.

His second recommendation was that a definite effort must be made the coming year to unravel the complicated situation confronting all accident and health companies in the approval of policy forms. Cooperation with the accident and health committee of the National Association of Insurance Commissioners is imperative, but Mr. Gordon said it is necessary to go beyond that and reexamine policy phraseology, with a view to progressively reconstructing policies on a more simplified basis.

Mr. Gordon listed as the most outstanding contribution made by the conference in the field of public relations

and the war effort, the reinsurance pool which it sponsored to write the civilian war injury policy and second, the very recent organization of more than 65 companies to write an accident policy for boys and girls and women volunteers who are going to work on farms this summer. There has not been a large volume of the war injury insurance sold, and will not be until the public believes there is a need for it. The volume of this business, however, Mr. Gordon said, is an insignificant factor compared to the value of private insurance actually doing something that had been considered possible only for the government.

He reviewed the tremendous growth of the business, with an increase in premiums of about \$50,000,000 in 1942 to an all-time high total of approximately \$360,000,000. If the trend continues as indicated by the first four months of this year, the premium volume for 1943 should pass the \$400,000,000 mark by several million, he said.

The practice of holding regional meetings was carried on the past year, meetings being held in Columbus, O., Boston and Detroit.

John M. Powell, president of Loyal Protective Life, was an extremely busy man, as he was trying to keep in touch with both the conference meeting and that of the American Institute of Actuaries, which was in session at the Edgewater Beach Hotel at the same time.

E. C. Edmunds, president of Fidelity Health & Accident Mutual, who has not been a regular attendant at conference meetings in recent years, was welcomed back as song leader. He led in the singing of "The Star Spangled Banner" at the opening of the first session, with R. J. Wetterlund, Washington National, at the piano.

WLB Man Tells of New Order on Wage Stabilization

Interpretation of Rulings Is Highlight of Home Office Management Session

Authoritative interpretations by T. C. Kammholz, regional attorney for the War Labor Board in Chicago, of the wage and salary stabilization regulations and an explanation of the new

General Order 31, just issued May 31, in regard to promotions, reclassifications and merit increases, constituted one of the highlights of the conference meeting for many of the executives of member companies. Mr. Kammholz spoke at the agency management session, substituting for Dr. R. K. Burns, chairman of the WLB Chicago regional office, who was unable to be present. He was bombarded with questions from the floor at the conclusion of his talk and even after adjournment was taken, a group of 15 or 20 remained for personal discussion with him of some of their individual problems.

(CONTINUED ON PAGE 10)



M. W. Hobart

EMPIRE LIFE AND ACCIDENT INSURANCE COMPANY

An Old Line Legal Reserve Company.

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This Company is in its 36th year and is now serving more than 100,000 satisfied policyholders.

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Weekly Health & Accident policies.

Morale and Recruiting Agency Management Topics

Closer contact with the field force and making sure that home office morale is what it should be, were characterized as the main factors in maintaining morale among agents in the round table discussion of agency management conducted by Clifton W. McNeill, Union Mutual Life. The other subject discussed, that of recruiting, showed less uniformity in practice and one in which it is very difficult to get satisfactory results today.

Confusion in Agencies, Home Offices

In opening the discussion, Mr. McNeill emphasized the confusion resulting from the various wartime rulings, newspaper headlines and other factors. He declared that the problem can be solved. Accident and health business is good and there is a greater opportunity than ever before to merchandise its product. Positive leadership is demanded. The first essential is for executives to eliminate confusion in their own thinking and then to help the agents to eliminate the confusion in their minds. They must believe that the business is essential and has a part to play in the preservation of domestic economy.

Agents should be encouraged to engage in wartime activities, but not to an extent that will interfere with their insurance business.

As to the government interpretation of the essentiality of the business, Mr. McNeill said he expected that there will eventually be three classifications, those definitely essential to the war effort, those definitely non-essential, and a third class compared of business essential to the national interest and general economy. He believes that insurance will be placed in this third class.

Expose Selves to Agents

"We must get out and expose ourselves to the agents," Mr. McNeill said. "This is not the time to sit around the home office." Even if traveling does involve many sacrifices and discomforts under present conditions, they must be accepted. He said that last year he adopted a program of visiting all agents of the company and that since that time as many as can be reached have been contacted regularly.

His company also has adopted a plan of regional meetings—one-day "bull sessions." Fears were expressed at first that in getting the agents together the confusion of one might add to the confusion of the others, but it hasn't worked out that way. He said it is necessary to remind the agents over and over of the splendid job the business is doing and the benefits of accident and health insurance in every home.

On the matter of recruiting, he admitted that not much had been accomplished. His company has very few women agents and he said he believes it is missing out on that.

R. C. Laub, Monarch Life, said his company tries to keep in close touch with the agents and sends out frequent explanatory letter to help build up their morale, which may have been undermined by newspaper headlines, etc. These letters also seek to clarify the

agents' draft status. Pressure frequently is applied by local draft boards, even though they have no legal right to do so.

Long-term contests, continuing over several months, are conducted. In one, offering a supply of the new colored letterheads recently put out by the home office, quotas are set low enough so that a large part of the agents can qualify. New and simple record systems have been introduced, tied into the company's school plan. If an agent's morale is low and he needs a refresher, he is sent to one of these schools, where individual attention is given to his particular problem. Mr. Laub estimated that he had been away from home 65% of his time lately and other members of the agency department also are spending much time on the road, while the field supervisors are constantly visiting the various agencies.

Recruiting Contest for General Agents

One new plan for recruiting is a recruiting contest among general agents, with very substantial prizes. Credit is given not only for new manpower but for the accomplishments of new men up to Jan. 1. Probably 85% of the supervisors' work is recruiting. They are getting men and women in nearly every case where they go after them. Many general agents have had a negative attitude on the subject, but are beginning to see the light. One of them said recently after a visit from a supervisor that he didn't see the picture before.

Prospecting cards for recruiting are sent out to the general agents, with the same general setup that is followed in regular prospecting work. The company outlines the type of people that are desired. In women the preferred ages are 28-40 and 50-55; for men, 38-55. When financing is necessary, the preference is for ages 45-55.

Wallace Has Unique Setup

Travis Wallace, president of Great American Reserve, a young company which has made a notable growth in a very few years, told of its plan of operation. It has only 18 agents, all but three of them operating from the home office. Last year they averaged \$4,460 per man in commissions and this year it will run well above \$6,000.

As they travel all over Texas, formerly covering from 700 to 1,200 miles a week, gasoline rationing was quite a problem. However, Mr. Wallace told them accident and health was sold before there were any cars and outlined ways of meeting the problem. At the same time he increased their quotas 50%. So far all of them have met these quotas. Contests are held every other month and a sales meeting every Saturday morning.

Believes in Joint Work

Mr. Wallace considers that joint field work is the greatest morale builder there is. He is out in the field much of the time doing such work himself. After he works with a man in a slump, the agent's production jumps 50%. He can't say then that it can't be done.

(CONTINUED ON PAGE 14)

Maintain Insurance as a Voluntary and Free Enterprise—

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Would you turn your back on a wounded Soldier ?

You think you wouldn't...you don't mean to...

But unless you are giving every precious minute of your time...every ounce of strength that you can spare...towards helping win this war as a civilian, you are letting down those soldiers who are sacrificing lives to win it for you.

What you are asked to give up isn't much compared with what they're giving up. The extra work you undertake is small compared with the gigantic effort they are making. But to a wounded soldier, what you do can mean the difference between life and death.

You make the choice.

LOOK AROUND YOU! Pick your war activity—and get into it! In your local Citizens Service Corps or Defense Council there is something for every man, woman and child to do. If no such groups exist in your community, help to organize them. Write to this magazine for free booklet, "You and the War," telling what you can do to help defeat the Axis. Find your job—and give it all you've got!

Contributed by the Magazine Publishers of America

EVERY CIVILIAN A FIGHTER

Group Insurance Offers Field for Additional Business

The social angle in the sale of group insurance was stressed by E. J. Brand, Federal Life, in introducing the round table discussion of "Effect of Group Accident and Health on Other Disability Business."

"Every company, agent or broker engaged in the merchandising of group accident and health or hospitalization insurance is assuming a tremendous obligation to society in attempting to solve the great economic and social problem of the health care of individuals, and especially those whose only source of income is wages or salaries," Mr. Brand said.

"The ability of the agent to measure up to this responsibility will determine the success or failure of the plan. Every insurance plan which fails to accomplish the purposes for which it was designed will develop among employees, insured under that plan, a definite antipathy and in some cases resentment, not only toward the insurance companies underwriting the plan but toward the insurance business as an institution. Every failure of a plan creates just another breeding ground for the insidious agitators of the foreign philosophy of state insurance.

"The reverse will be true, however, if your plan has been intelligently designed, with a resulting satisfactory experience. You reestablish the confidence of the employees in the private enterprise of insurance and because of this confidence, pave the way for further discussion with these employees in regard to their personal problems of additional protection."

Helps Combat Government Insurance

He emphasized that group insurance providing benefits for the health care of employees, when intelligently underwritten, is the greatest force the insurance

companies possess for combatting the definitely prepared programs of the agitators for state or government insurance.

He said it was unfortunate that the companies did not have the vision to anticipate the demand of the public for group hospitalization and allowed the "so-called non-profit organizations" to introduce a service plan rather than a cash indemnity plan. Their lack of knowledge of the business was soon reflected in unsatisfactory claim experience, readjustments in rates, coverage and selection and general confusion in that field. However, the companies finally came into the field with insured hospital and surgical benefits. "Today the insured hospitalization plans are rather firmly established," Mr. Brand said, "and by comparison make the so-called non-profit service plans look rather anemic."

Possibility for Additional Sale

As to the possibility of additional business, he pointed out that the amount provided for under a group disability contract is rather small as compared to the actual need and opens the way for additional protection. Should the group contract be for hospitalization only, immediately inquiries arise for personal disability insurance. Several companies have been very successful in following through on these contacts.

"After many years devoted to analyzing the needs of employee groups and designing plans especially fitted to meet their needs," Mr. Brand said, "it is my considered opinion that group accident and health and group hospitalization insurance creates a most attractive field for the development of disability insurance as well as other lines."

Doctors Do Part in Post-War Medical Planning

Medical decisions in matters of medical care must be made by medical men or there can be no safety for the sick, Dr. Morris Fishbein, editor of the Journal of the American Medical Association and of "Hygeia," the health magazine, declared in opposing the idea of governmental control in his talk on "Planning for Post-War Medical Service."

Publication in Great Britain of the Beveridge plan and the subsequent issuing in the United States of the report of the National Resources Planning Board served to focus public attention on the manner in which medical science may be extended in the post-war period to greater and greater numbers of people or, if possible, to all the people, he said. Medical care is logically one of the most important of the forms of security to be included in any program of social security.

Science has gone far along the path toward extension of freedom from sickness to greater and greater numbers of people. Coincidentally there has been gradual evolution of new forms of medical practice so that the general practitioner of an earlier day has been succeeded by a wide variety of specialists who administer their services largely in hospitals and in medical centers.

The Beveridge plan as proposed for Great Britain would eliminate eventually all practitioners on a fee for service basis; in other words, private practice would give way to administration of all medical care by state employed physicians who would be directed from

hospitals and health centers. These would, in turn, be supported by the government.

The report of the National Resources Planning Board calls for the development of improved public health services throughout the nation, maternal and child health clinics, health service in the schools, protection of workers, public support of research, and for assistance to public and private agencies in education regarding sound nutrition. It recommends also the assurance of medical and health care for all through federal appropriations to aid states and localities in developing a system of regional and local hospitals and health centers covering all parts of the country: assurance of adequate and well distributed supply of physicians, dentists, nurses, and other medical personnel; expansion and improvement of medical care for needy persons through larger appropriations, and through increased cooperation by and with the medical and dental professions, and finally immediate action by the government in cooperation with the medical profession to formulate plans which enable the patient to budget expenses over a reasonable period and to contribute to the costs of care according to his ability, and which, at the same time assure the medical profession a decent livelihood commensurate with the high costs of their professional training.

Protests on Beveridge Plan

Obviously, Dr. Fishbein said, this is an invitation to the medical profession of the United States to take the leadership in planning in order to achieve the objectives which all agree are desirable.

When the Beveridge plan was placed before the British medical profession they insisted first that the plan be adopted as a whole and that medicine

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be not thrown as a sop to the British people, whereas the rest of the plan would be indefinitely postponed. They also insisted that some provision be made for private practice, including the right of the physician to private practice if he cared to do so and the right of the patient to private practice if he care to have such out of his own funds.

As might have been anticipated, however, the politicians in British parliament recommended immediate adoption of the medical portion, and perhaps taking their time with the rest of the program. Moreover, there seemed to be no indication of any attempt to safeguard the perpetuation of private practice. Obviously, the adoption of any plan which would control through state medicine 90 to 95% of medical practice would completely destroy private practice and place all medicine within the standards of the state scheme.

National Planning Body Sought

The minister of health of Great Britain has in the meantime established a consulting body consisting of representatives of all leading British medical organizations and scientific institutions to act as an advisory board in developing the details of plans for the future. In this country, Congress seems likely to postpone any consideration of the recommendations of the National Resources Planning Board until a later date. In the meantime, practically all medical organizations in this country are establishing committees which are planning for the future, and there have been calls on the government to establish a planning body under government auspices.

He referred to the fact that in the United States more than 14 state medical societies are developing schemes for voluntary sickness insurance. Innumerable industrial organizations have insured their employees against the costs of hospitalization and catastrophic illnesses. The Farm Security Administration has covered medical care for more than 100,000 farm families. The Blue Cross and state hospital plan now includes more than 15,000,000 policyholders who are insured against the costs of hospitalization, all of this without the government assuming control of either the lives of the persons involved or of their funds.

See Need for Cooperation

The medical profession, Dr. Fishbein said, has recognized the necessity for cooperation between the national, state and local governments with the forces of medicine, public health and welfare in the solution of medical problems. Economic considerations definitely influence medical decisions. The records of hospitals, clinics, dispensaries and eleemosynary institutions indicate that gradual increase in the funds available to workers has resulted in steady abandonment of the source of free and part-free medical care and increased consultation of private physicians. "Is any better proof needed that the American worker wants to be free in his choice of medical care?" he asked.

He declared that the physicians of America in the planning of medical services for the post-war world will meet their obligation "as they have met every other call placed on them in the past—voluntarily, bound only by the traditions of their great profession, uncompelled by any arbitrary mechanism such as that founded by totalitarian governments to enslave both their people and the physicians who served them."

In reviewing the experience of some of the medical care plans developed by medical societies Dr. Fishbein said it had developed that the average American is able to take care of his ordinary medical expenses, but is interested in what might be called "catastrophe" coverage for surgical or obstetrical care. Bills for expert medical service are getting higher, because of the improvement in medical

service and of preparation is not made in advance people are likely to be without these advantages.

If the government should take over on medical care, no one would be able to get the best. If medical service is put on an average basis, it will mean that it will be averaged down, not up.

WLB Man Tells of New Order

(CONTINUED FROM PAGE 6)

That session was in charge of M. W. Hobart, Ministers Life & Casualty Union, who opened the discussion with a general review of some of the personnel and other home office problems that have to be faced today as a result of wartime conditions.

Mr. Kammholz stated at the opening of his talk that it was a mistake to say that wages and salaries have been frozen, and emphasized that there are certain adjustments that are permitted. He expressed his gratification over the fact that previous speakers had recognized the necessity for such regulations and emphasized further that it is strictly a wartime measure. He declared that the business conducted by the conference companies is a part of the nation's democracy and one of the things that it is seeking to preserve.

Provision of General Order

The existence of General Order 31 was news to most of the executives present and it probably is little known to employers generally. It expands the previous reference to promotions, reclassifications and merit increases and sets up several alternative methods of determining whether such increases conform to the regulations and can be made without reference to the board. It requires that they must be made according to a definitely established plan, which conforms to the employer's practice prior to October, 1942. It must be evidenced by the fact that the plan has been communicated to the employees or by the employer's payroll records. There shall be no more than two merit increases in a year, of not more than 50%, and not exceeding one-third of the difference between the maximum and minimum for that classification. Employers are required to keep records along that line for two years.

Present-day personal difficulties have eliminated the situation under which there has been little opportunity for those at the bottom, R. B. Angell, treasurer of Anchor Casualty, said.

Most of the new employees are sure to be women, regardless of whom they are replacing. The personnel manager must find out how to go out and dig for new employees as they are not going to come flocking in. Married women employees are being kept where that formerly was not the practice. Part-time employment of high school and college students is being tried.

It is difficult to give extensive tests before employment but supervision and training is essential. Many offices have found the filing department the best place for that. There are many factors in employe morale but a friendly atti-


tude on the part of the management has as much to do with it as anything, Mr. Angell said.

Equipment and supplies are difficult to get and maintenance is more of a problem than ever before. Shifting machine operators to other work for part of the day may increase efficiency. Two shifts are being operated in some cases to increase the productivity of machines.

Grant Tells of War Council

W. T. Grant, Business Men's Assurance, told of the operation of the war council established in his home office.

(CONTINUED ON PAGE 14)



Monarch
LIFE INSURANCE CO.
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Capital and Surplus Over One-Half Million Dollars

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An old line legal reserve company—in its 16th year
—protecting the family—serving the nation.
Writing life, accident, health and hospital insurance
for men and women.

Meeting Wartime Responsibilities

(CONTINUED FROM PAGE 4)

and the value of the assets which he left behind him when he entered upon the service of his country."

In referring to the need for intensified cultivation of better public relations to offset the increasing activity among advocates of social health and medical care plans, he said it must be borne in mind that social insurance cannot be stopped by decrying it. The chief argument of those who advocate government health insurance is that there exists an insurance need which is not now being met and cannot be met adequately and properly except through a government plan. "To meet this argument we must demonstrate that private insurance can and will do the job—or we must outline the scope of the government's responsibility and the scope of the private insurers' responsibility."

Menace of "Fly-by-Nighters"

Keeping in mind possible efforts to discredit the system of private accident and health insurance, Mr. Young said that almost any system, however good, has its abuses and its skeletons in the closet, and the accident and health business is no exception. "Fortunately the vast majority of our companies are offering sound and needed coverage which is being properly presented to the public, but there is still a small fringe of insurers selling coverage which does not measure up to these standards. The cost of this practice to the public is not great, since the few cents a week that are involved are not of enormous moment. However, the cost to the accident and health business in prestige, public confidence and support is tremendous. All the efforts of the companies, individually and through their joint organizations, to tell the story of accident and health insurance can be offset and nullified by these practices which do not meet the standards of sound and public spirited insurance companies."

Opportunity for Self-Discipline

"Here is a great opportunity for self-discipline and self-policing by the accident and health business. By the solution of this most vexing among the several obstacles to the continuance and broadening of sound public relations, enough could be accomplished to smooth the way into a new era in the accident and health business. The industry has been burdened too long with the weight of fly-by-night practices and the industry has suffered untold harm from their influence. The fact that these coverages continue to exist gives the opponents of private accident and health insurance one of their most potent weapons with which to cudgel the entire industry. The price the majority of us have to pay for the acts of the few is entirely without justification, and the continuation of this plague upon our house is small compliment to the intelligence and influence of our membership."

Recommendations Renewed

The committee renewed and brought up to date some of the recommendations previously made including:

1. Meeting the claimant more than half way, and at the same time, abandoning technicalities.

2. Developing to the full the capacities of present men before making further additions to the agency force and when new additions are made, as far as humanly possible, securing better men—with the recognition that there is no substitute for continuous training and supervision. The prestige of the accident and health insurance agent must be increased. There are, unfortunately, agents who are not a credit to the business. "We have work to do in raising our selection standards and substituting for the fly-by-nighters,

well trained salesmen. As an agent is known by the company he keeps, so is a company known by the agents it keeps. It is our duty to the good men to eliminate the unfit. The chief strength of any company lies in its human assets, and only as the agent prospers will the best interests of our policyholders, the public and the industry be preserved."

3. Giving personal executive attention to complaints and policyholder inquiries.

Bringing Policyholder Closer

4. Making the new policyholder feel closer to the company through letters that are carefully and attractively written, while maintaining a friendly and human note; use of inclosures which are designed as carefully as the letters should be so as to give the policyholder a real chance to know the company and what it is trying to do for the policyholder in terms of the policyholder's own interests.

5. Maintaining careful conservation methods. Lapsation strikes at the very tap root of company building. Persistence of business is the best index of the vitality of a company. The committee feels that reinstatement efforts are the least important factor in conservation work, and that conservation does not really begin when the lapse occurs. On the contrary, it considers that prevention is much more effective and that today conservation is in reality the means of preventing lapses before they occur.

6. Presenting the annual statement to the policyholders in understanding language.

Keep Contract Standards High

7. Maintaining high standards in writing policy contracts, making them as free as possible of ambiguities and eliminating trick clauses. Phraseology of the policy provisions is a time-old topic, but the attitude and general indifference on the part of many companies, unless soon corrected, may not only prove a serious public relations problem, but also impede the growth of the accident and health insurance business. "Your committee feels that unless we can get together, we may be confronted with legislation forcing upon us a standard accident and health contract. There are very few in the business who seem to favor a standard policy. Our opposition, naturally, is on the ground that this would interfere with the right to contract. The citizen should have the right to purchase the form of policy and to make any legitimate contract suited to his individual requirements. Each man should have a right to protect his time as he sees fit and this right should be as fixed as the right to protect his person." However, uniformity of provisions is far removed from the standardization of a policy. It does not advocate or recommend the restriction of the variety of coverages offered by any company, or to fix the premiums charged for the protection, but feels that there should be some uniform agreement as to the phraseology of the protecting provisions, as well as the additional and restricting provisions of the policies.

Broaden Scope of Coverages

8. Broadening coverages to meet the trends and expanding needs of the public through a realization that there is more need than ever for the provision of security against the hazards of life for all citizens of this country. The committee believes that the attitude of the accident and health companies in this respect should be constructive, and that where the needed coverage is within the scope of the accident and health companies, it is our duty to do our utmost to meet these needs.

9. Seizing upon every opportunity to

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It's No Secret!

And we're proud of the fact that 1943 has so far been the biggest year ever at Mutual Benefit Health and Accident Association.

Records for the month of April alone completely eclipsed all other months in our history in the number of applications for new policies received. A 16½% gain was made over the previous all time high mark for one month's business.



make each public transaction by letter or by personal contact a favorable impression of the company. Closer working arrangements with the medical profession have been suggested. This idea is readily expandable into other lines requiring somewhat exceptional handling. For example, some people feel that the banking profession has been under-cultivated. Bankers are constantly called upon by all types of people for advice and that upon their word depends much in the fields of finance, investment, accounting and insurance, and other related matters.

Extremely Limited Policies Criticized

(CONTINUED FROM PAGE 4)

men are all creditably employed by the industry and when truthful and informative, are emissaries of good will. But sharp practice and trickery are wrong, however practiced. The duty to put an end to it calls for the combined effort and cooperation of the entire industry and the state agencies of government that represent the public."

He cited some of the fulsome phrases used in radio and full-page advertising displays.

"The sentimental reader is fairly smothered with assurances of love, sympathy and affection. The skeptical prospect is shown facsimiles of checks, testimonial letters and money back guarantees. The greedy, the gullible and the dishonest are captured by the bait: '\$100 a month in case of sickness; age limit to 80 years; no medical examination and no agent will call.'"

He then listed some of the numerous exceptions and limitations in such policies. "Of course, none of the benefits is payable unless one is the right age and the illness common to both sexes, and unless your occupation, location, sobriety, mental condition, and intent are

in keeping with the terms of the policy, and further, that your notice of claim, your proof, and a score of other conditions, are in proper order," he added. "To mislead people deliberately into believing that they are well protected against normal accidents and sickness when they are not is, according to my standard, unadulterated fraud."

"The solution of this problem is not simple because laws, rules and regulations affect the good and bad alike. After all, the merchandising abuses I speak of are like boils on the neck of a strong man. One would hardly choose to remove the boils by cutting off the man's head. However, the infection is there and it must be cured before it spreads and sends its poison into the blood stream of the industry. If state surgery is necessary, the industry had better stand the pain than be beheaded by state legislation or the federal government."

Post-War Planning Program Urged

(CONTINUED FROM PAGE 5)

shown substantial increases in premium volume and in surplus accounts. These increases will continue as long as people are employed and enjoying abnormal wages but it is necessary to prepare for the lean years which may follow; for the adjustment period that must be expected after the close of war when unemployment and lower incomes unquestionably will affect the companies' earnings. The industry must be prepared to serve a not-quite-so-fortunate people when the effects of the anticipated reaction from the present artificial prosperity are felt.

Mr. Alpaugh took up the threat of outside intervention, the charge that private accident and health insurance does not and cannot provide coverage and service at a reasonable cost to the millions of wage-earners who have an essential need for such coverage and that the government alone can do this.

Increasing Public Acceptance

While these attacks may not be pushed at present, due to the desire to concentrate on prosecution of the war, the claim that too small a percentage of the nation's workers now have ample protection, which may possibly be a valid contention, should spur the business on to greater accomplishments. Like all successful enterprises, it has attained its present high standards only through many years of experience and through the process of trial and error. Broadening of policy coverage and improved agency standards have resulted in an ever-increasing public acceptance of the business. It is not, however, without its shortcomings. Like all large institutions, it is subjected to criticism and while Mr. Alpaugh expressed the belief that not all of it is justified, steps should be taken to eliminate as much as possible.

He referred to the survey of claim complaints presented to the insurance departments, which was conducted by the conference in cooperation with the National Association of Insurance Commissioners, the result of which reflects a great deal of credit on the underwriting and claim practices of the business. "Considerable satisfaction should be derived by us all after reading this report," Mr. Alpaugh said, "but we must bear in mind that there is ever before us the task of continuing to do a better job."

J. W. Scherr, Jr., Inter-Ocean Casualty, chairman of the conference publicity committee, gave a breakfast Friday morning for the insurance press. The committee also maintained a press room for the newspaper men.

Willard E. Hein, State Mutual Life, president International Claim Association, was in attendance and was introduced at the close of the first session.

Is Writing of Permanent Disability Form Feasible?

(CONTINUED FROM PAGE 3)

holder is drawing workmen's compensation benefits and believes it would be wise to make the rate high enough to make some provision for rehabilitation. He believes it could be written on either individual or group basis, the latter of course at lower rates. Underwriting would have to be on a fairly liberal basis, more liberal than for the regular non-cancellable forms.

The big question is: Is there a demand for it? Will it sell? The rate would have to be loaded to provide a reasonable commission for the agent, as it would not be a temporary coverage, but one extending over many years. Commissions might be placed on the same general basis as for life insurance.

Comparison of Plans

Sam C. Carroll, Mutual Benefit Health & Accident, expressed the belief that occupation as well as age should be taken into consideration in fixing rates. In comparing the suggested plan with the social security proposals, he said that it would be voluntary and theirs compulsory, and that there will be an element of adverse selection, with no guaranty that the business will continue on the books.

W. Clement Stone, Combined Mutual Casualty, said he believed the business might be written with profit except for the stumbling block of reserves. If a claim reserve for, say, only one year had to be put up, it would be all right, but if for 20 or 30 years, it would be a big handicap to the smaller companies at any rate. He believes there is a definite demand and that it can be sold. It undoubtedly would be profitable if only the amounts taken in and paid out were considered.

Mr. Pauley said that in the discussions of the question it had been assumed that the maximum reserve would not be over \$5,000. The premium should be high enough to cover that and if coverage were cut off at 65 it need not be a serious factor.

C. of C. Directors' Attitude

W. T. Grant, Business Men's Assurance, said he was greatly surprised to find that the insurance directors of the U. S. Chamber of Commerce favored government provision for permanent disability. Their position was: "The public wants it and is entitled to it. If you won't provide it, the government should." He said he would particularly like to kill the argument that it is necessary to go the government as the only place to get it, and expressed the belief that the fire insurance people missed the boat on war damage insurance.

He believes such a policy can be issued if the indemnities are held low enough and said most of the trouble of the life companies was with over-insurance.

Will It Be Worth While to Agent?

Jarvis Farley, actuary of Massachusetts Indemnity, said the major point is: Can it sell? Actuarially, the rate would fluctuate according to how it is sold and administered. If it is a matter of voluntary purchase, a rate sufficiently high could not be set, but if it is aggressively sold, it could be written.

If benefits are to be low, the premium should be relatively low. If an agent can go out and sell enough policies to give him a good return, the unit acquisition cost would be relatively low, but if it is hard to sell, the loading for acquisition might have to be so high that it would return less than 50% to the policyholder.

Policies paying for a relatively long term, both non-cancellable and cancellable, are now available, some of them providing benefits as low as \$50 per month, but the demand for these low

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PRESENTING

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ACCIDENT & HEALTH CONTRACTS

1. Protection Disability Policy (non-occupational)
2. Security Accident Policy
3. Security Disability Policy

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To Meet Modern Policyowner and Agent Demands Because They Offer:

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- Full-Time A & H Coverage*
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*with or without hospital and surgical benefits
- Low Premium Rates
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All the usual policies plus many unique ones.

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Complete portfolio of liberal accident and health contracts.

10% NO CLAIM BONUS

INDIVIDUAL HOSPITALIZATION
CONTRACTS for the entire family

WHOLESALE and GROUP LIFE
for Employers or Associations

GROUP ACCIDENT AND SICKNESS
and
GROUP HOSPITALIZATION

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THE UNITED STATES LIFE INSURANCE COMPANY
IN THE CITY OF NEW YORK

101 Fifth Avenue

New York, N. Y.



indemnity forms is not great enough so that the agent can afford to spend his time on them.

John M. Powell, Loyal Protective Life, said that in writing coverage to age 65, the companies are not going to know for a long time just what it is costing them. The life companies made money on disability for many years but eventually it began to catch up with them. There is nothing that could do the business more harm or give the federal government more ammunition, he said, than to go into a proposition of this kind, have it go sour, and have to get out.

Agents more or less sell the policies that are asked for. When a prospect says he wants non-can, in many cases it will be found that he wants it for a particular reason. If a coverage of this sort is to be sold as a sideline, he declared that the idea is unsound.

Mr. Pauley said he didn't believe the small life companies had such a bad experience with disability. With the others, it was more the amount of indemnity and the way they wrote it.

Rejections May be Factor

D. J. Brady, United States Life, said there would have to be a certain amount of selection in writing this business and that it would not be possible to take everyone who may come in. If a sizable volume of rejections were built up, that would supply another argument to the government.

G. A. L'Estrange, Wisconsin National Life, declared that just because the government says there is a demand for this coverage, it isn't necessarily so, and that he would hesitate a long time about writing the business for that reason. He said that when he was in the field and a man would insist on permanent disability, he would offer him a 10-year elimination, and never had a taker. He said the life companies that have discontinued writing disability all have shown substantial increases in business.

Davis Elected President; Skoglund Is Chairman

(CONTINUED FROM PAGE 3)

last July, succeeding to the position left vacant by the death of Arthur T. Sawyer.

As a youth, a quarter of a century ago, Mr. Davis enlisted in the army and served in the former war as a machine gunner in Company C, 124th Machine Gun Battalion, 33rd Division. He was overseas for almost a year and a half, being honorably discharged from the army before he reached his 20th birthday.

One of his sons is now serving in the navy in the South Pacific and the other expects to enter the service in the immediate future.

Despite his very busy executive responsibilities, Mr. Davis always finds time to be a good citizen, in the most constructive meaning of that word. Since the opening of the present war he has served as chairman of the draft board of his county and has devoted his executive and organizing talent to that important patriotic work with as much enthusiasm and conscientious devotion as he has devoted to his business interests.

He served as secretary of the conference for two years, and also served for several years as a member of executive committee. At the annual meeting in Kansas City last year he was named chairman of that committee.

Skoglund Next in Line

H. P. Skoglund, president of North American Life & Casualty of Minneapolis, who was elected chairman of the executive committee and thus put in line for the presidency next year, is one of the youngest executives in the business but has made a notable record both in his own company and in conference affairs and is a man of particularly dynamic personality.

He was born at Starbuck, Minn., July 5, 1903, and graduated from St. Olaf

College, Northfield, Minn. He became president of North American Life & Accident in 1933. Its business has shown steady and consistent increases ever since that time and the premium volume has doubled in the past three years. In celebration of his 40th birthday, agents of the company are now engaged in a special campaign in which they are pledged to a 40% increase in premium volume over June of last year.

He served as general chairman of the convention of the conference in Minneapolis in 1940 and has just completed a term on the executive committee being reelected to the committee as well as being made chairman.

George W. Kemper, who was advanced from second to first vice-president, represents the Pacific Coast on the official roster. Frank V. Cliff, who succeeds him as second vice-president, is one of the second generation of conference leaders, his father having been one of the founders of the old Detroit Conference. R. L. Spangler, the new secretary, has been active in conference affairs for a number of years. He is now the active executive of Woodmen Accident, while President E. J. Faulkner is in service.

H. & A. Conference Sets Records

(CONTINUED FROM PAGE 3)

mediately after his election, President Davis named as the members of the committee to represent the conference Harold R. Gordon, executive secretary; R. J. Wetterlund, Washington National, and William Wollney, Commercial Casualty.

Another resolution adopted urged and recommended that the insurance statistical publications make a separate showing of taxes and license fees, rather than as a part of underwriting expense.

The admission to membership of seven new companies brings the conference to a new high membership level, with a total of 113 company members. The new companies admitted are American Benefit, Minn.; Illinois Traveling Men's Health, Metropolitan Casualty, Paul Revere Life, Physicians Health, United Benefit Life and Western Reserve Life, Tex.

Manzelmann Welcomes Conference

At the opening session, George R. Manzelmann, president of North American Accident, gave the address of welcome on behalf of the Chicago companies, substituting for George R. Kendall, president of Washington National, who was ill. He mentioned the personal and business problems which confront everyone today. With the bringing of the war to a victorious conclusion the first consideration, he said accident and health insurance should make a special effort to improve its service as a real contribution to the war effort.

W. G. Alpaugh, Inter-Ocean Casualty, conference president, gave his address. Dr. Morris Fishbein, editor of the Journal of the American Medical Association, spoke on "Trends in Social Security" and Paul F. Jones, Illinois director of insurance, offered some severe criticisms of extremely limited policies.

Following up some of the statements made by Dr. Fishbein in regard to health conditions, Col. Paul G. Armstrong, Illinois director of selective service, said that the draft system is losing nearly 40% of supposedly available manpower because of physical rejections. He declared that this is a matter about which something should be done in post-war planning.

In regard to the status of insurance in connection with selective service, he said it is in a twilight zone. While it has not been classed as an essential industry, it is definitely not in the list of those which are non-deferrable, and full consideration should be given to individual problems by every local

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board. He declared that fathers will be taken and that it will be impossible to give special consideration to any class.

Colonel Armstrong was introduced by O. F. Davis, Illinois Bankers Life, a personal friend and chairman of the local draft board in Monmouth, Ill.

The afternoon session was given over entirely to four round table discussions: "Present and Post-War Planning in the Accident and Health Field," led by C. O. Pauley, Great Northern Life; "Underwriting During the War," E. Hauschild, Security Mutual Life; "Effect of Group Accident and Health on Other Disability Business," E. J. Brand, Federal Life, and "Current Legal Topics," H. J. Requette, Woodmen Accident.

The conference at its closing session adopted a resolution in which it affirmed its code of ethics by joining with Insurance Director Jones of Illinois "in condemning the issuance of accident and health policies which are susceptible to 'trickery, reception and borderline fraud' in their sale to the public and all advertising of accident and health policies by mail, radio or otherwise which may be misleading, exaggerated, or in any way deceptive." The resolution also pledged to Director Jones the cooperation of the conference and its 113 member companies in eliminating such policies and sales methods.

WLB Man Tells of New Wage Stabilization Order

(CONTINUED FROM PAGE 10)

Composed of executives and department heads and some of the older employees, it has simplified and improved home office operations and their efficiency.

He also told of his company's adoption of the 44-hour week, the reasons and the results. The cutting of hours was started at the time of the NRA, when there were more people than jobs. Now, the situation is reversed. The patriotic angle also is involved, as it is the desire not to use any more manpower than necessary.

Overtime is paid for the additional four hours, making an increase of 15%. An educational campaign was carried on before the plan was installed and the response was unanimously favorable. The increase in working time was equal to adding 37 people. The program has been in effect six months. With total volume up 17% and new business 18%, the number of employees has been decreased 3% but the total compensation is up 22% and turnover has been substantially decreased.

There was some discussion of employment of Negro and Oriental help and it was found that some companies are using employees of both classes.

T. T. McClintock, Ohio State Life, received the \$25 war bond presented by the A. M. Best Company.

Morale and Recruiting Are Agency Management Topics

(CONTINUED FROM PAGE 7)

His agents sell women, "and lots of them." More than 50% of their writings is on business and professional women. The loss ratio on this business is favorable. Little business is sold among men under 38, as they are so uncertain and confused. Men above 38 and women are the best and almost the only prospects, he said.

"Never, never let down yourself," Mr. Wallace urged in conclusion. He declared that more men have been ruined from the home office down than the other way around. He urged minimizing everything in the way of difficulties and emphasizing that everyone has to carry on.

S. R. Rauwolf, North American Accident said his company tries to consider each agent as an individual and give attention to his particular problems. An effort is made to get the agent to "open up" and tell what's on his mind. As an aid to recruiting, a defense stamp is offered for the name of a prospective agent. When the new man begins to produce, any production bonus that he may win is duplicated for his sponsor.

The company tries to point out sources of business the agent may have overlooked. After careful analysis, some particular occupation is recommended on which the agent should concentrate. For example, the last two months emphasis has been on selling farmers. They not only have money but are irreplaceable and have a pretty definite draft status. The North American always has been partial to women and in a special campaign celebrating the 25th anniversary of the first full coverage policy for women has made a strenuous drive to write as many of them as possible, individual quotas being assigned to agents.

Frank L. Barnes, Ohio State Life, re-emphasized the point made by other speakers, to look at the home office first in the matter of morale. "We have done a pretty good job of selling ourselves," he said, "and now we are selling the agents, to get them away from negative thinking induced by newspaper articles and their contacts with prospects, and to assimilate the positive thinking we first adopted in the home office."

Recruiting is more difficult but he said it is possible sometimes to do a better job of picking when there are fewer to select from. The new men that have been put on, he said, are doing a good business.

Invitations to Pittsburgh

Invitations to officials of conference companies to attend the annual meeting of the National Association of Accident & Health Underwriters in Pittsburgh June 10-11 were received from Homer J. Bisch, National Casualty, Toledo, acting president, and Walter M. Ivey, Monarch Life, chairman of the Pittsburgh convention committee.

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Frank L. Barnes, Ohio State Life; L. E. Doyle, Forest Lawn Life; W. E. Hein, State Mutual Life, president International Claim Association.



Ray Belknap and A. D. Anderson, Occidental Life.



Harold Gordon, executive secretary Health & Accident Conference; R. J. Wetterlund and J. G. Ferguson, Washington National.



L. J. Treanor, Michigan Life, at registration desk with Miss Marie Mead, assistant secretary, and her staff.



G. A. L'Estrange, Wisconsin National; Paul F. Jones, Illinois insurance director; W. Clement Stone, Combined Mutual Casualty; O. F. Davis, Illinois Bankers Life.



Ferre Watkins, head liquidation bureau Illinois insurance department; E. Hauschild, Security Mutual, Binghamton; Stanford Miller, Employers Reinsurance.

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